

SERC Questions and Answers

March 7, 2012

Version 9 – Replaces previous versions

Updates: Revised Q&A #33 on Renewable Energy Credits (RECs).

Contact: erica.burrin@ee.doe.gov with any questions or clarifications.

1. Q: How often will SERC projects need to be monitored?
A: Monitoring will need to be done as frequently as required to ensure appropriate operation of the projects. During start-up this is anticipated to be quarterly, and perhaps less often as projects roll out. In as many cases as possible, SERC monitoring should be done in concert with WAP monitoring. Remember that States have the responsibility to ensure these projects are successful and will need to perform State monitoring of the local agency projects.
2. Q: What role will the QA contractor play in looking at SERC projects?
A: To be determined.
3. Q: Will there be new budgets and annual plans in PAGE?
A: No, there will not be *new* budgets and annual plans for SERC; the ARRA grant budgets and annual plans will be amended.
4. Q: Will we specify a date when the revisions are needed from the State?
A: Revisions will be due 60 days after the effective date of the amendment. If not received, NETL will place a hold on the SERC funds.
5. Q: Will DOE relax the 60 day deadline for budget, annual file, etc., since the guidance is not yet in place?
A: No, DOE will not relax the 60 day deadline. DOE, including headquarters where we can assist, will work with the Grantees to meet the 60-day deadline and provide guidance as needed. Please find out what specific guidance the Grantees need to implement this Grant Amendment.
6. Q: Were grantees aware they needed to provide a public hearing for SERC projects?
A: Yes, in the Selection Letter sent on 8-25-10 to each of the 27 funded States, the following sentence was included in the final paragraph: “As a part of this amendment process, you will need to hold a public hearing, in accordance with 10 CFR 440.14 and your state rules, to discuss the SERC activities.”
7. Q: Can States / sub-grantees go back to homes they have already weatherized to install SERC technologies?
A: Yes. This was addressed in the June 8 letter from DOE to Grantees: “If a local agency proposes to implement SERC activities on homes previously weatherized, they may do so on homes that were weatherized with non-DOE funds without DOE approval. If a local agency’s project approach is to return to homes previously weatherized with WAP funding, it will need approval through the Grantee’s DOE Project Officer.”

8. Q: If materials and technologies do not need to meet the Savings-to-Investment ratio, then who will decide which measures can be installed? Example was given about installing solar PV on a home occluded by trees.

A: Local agencies should have a protocol in place for the installation of the technologies they have proposed. If they do not, they can work with NREL for technical assistance to identify the appropriate protocols to ensure effective installation. It is the State's responsibility to ensure the local agency has a protocol. The Project Officer monitors the State to ensure they are monitoring the local agency and the local's protocol.

9. Q: Renewables for homes will likely need electrical interconnection upgrades. Is this allowable under SERC?

A: To the extent that new ancillary equipment or upgrades are needed to accompany a renewable energy installation, yes, it is allowable under SERC.

10. Q: Will PAGE be adapted to accommodate SERC?

A: Yes, PAGE will be adapted to accommodate SERC. Additional guidance and steps will be provided to Grantees regarding how to report SERC in PAGE.

11. Q: Will OMB 1512 reporting be required with SERC?

A: Another 1512 report will not be required. The current 1512 report will need to incorporate SERC activities (funds expended, job hours worked, etc will be inclusive of both WAP and SERC activities).

12. Q: Will the Grantee have the ability to recapture and re-program the SERC funds if for some reason the Subgrantee does not meet its goals and objectives?

A: Grantees are responsible for fiscal oversight of the SERC funds. If the Grantee determines that a certain project or agency is not able to fulfill SERC obligations, the State may work with DOE to determine how to re-direct these funds to ensure SERC projects are implemented successfully. This will be completed on a case-by-case basis, and may require an additional grant amendment.

13. Q: Would you please provide me with guidance as to what purchasing/procurement regulations and requirements will be in effect and what web site(s) will have applicable guidance? (The Central Vermont Community Action Council was recently awarded a SERC grant to (among other tasks), "...use bulk-buying strategies and cooperative partnerships in buying solar technologies..." (solar hot air and water systems) and then install what we have purchased (Non-Public buildings....). I have been asked to research the purchasing regulations and requirements which will govern our grant.

A: There are no special procurement rules for SERC. The existing procurement rules are to be used. This means the most stringent between the local agency's rules and State's rules will apply.

14. Q: How does DOE want the grantees to track SERC separate from WAP?

A: SERC funds and activities will be tracked in the following way:

1. Monthly Report: Funds spent on SERC will not be included in the total outlays reported in the Monthly WAP report.
2. Quarterly OMB 1512 Report: Another 1512 report will not be required. Your 1512 report will need to incorporate SERC activities.
3. Quarterly Federal Financial Report (FFR aka SF-425): This financial report will need to include SERC funds expended, in addition to WAP funds.
4. Quarterly Performance Report (QPR) for WAP: the QPR as it exists will not change for SERC activities. Instead, a new QPR will be developed in PAGE.
5. NEW QPR for SERC funds: a new QPR will be developed that will enable grantees to report the homes they have touched with SERC funds, the breakdown of expenditures, the customers touched, and the technologies installed. Further guidance will be coming in the future, based on focus groups of project officers and Grantees.

Additional guidance and specifics will be issued to further explain exactly what fields will need to change or not.

Summary of Reporting for SERC:

Report	Frequency	SERC Included?
Monthly Report	Monthly	NO
OMB 1512	Quarterly	YES, included in existing report
FFR	Quarterly	YES, included in existing report
Existing QPR	Quarterly	NO
New QPR	Quarterly	YES, new report in PAGE

15. Davis-Bacon questions – *this Q&A has been superceded by Q&A #30 which includes a more comprehensive response on this topic.*

16. Incidental Repair and Health and Safety Costs questions

Q1: It appears a home can be "SERCed" without it being a weatherized home. Is there some minimum standard home condition that it should be inspected to...ie don't put \$30K worth of solar PV on an uninsulated hunk of junk?

Q2: Is it possible to include costs of roof repairs or even reshingling a roof to the extent necessary for the installation of roof integrated PV solar (commonly known as Building integrated PV, or BIPV), as many new products proposed are products like GE or Certainteed solar shingles, or flexible Unisolar-type PV laminates that are integrated onto metal standing seam roofs?

Q3: How will energy-related Health and Safety costs be dealt with under SERC?

A: The general answer, in order to explain the policy, comes in two parts. First, DOE intends that homes receiving SERC funds should be at a weatherization standard (has been weatherized with WAP or an equivalent level of services). If the unit has not previously been weatherized, the unit should be an adequate candidate for weatherization. In other words, if the local agency would “walk away” from the unit for WAP, they should “walk away” for SERC as well. Please keep in mind that moderate-income homes may have SERC materials/technologies installed. In these units, the local agency should ensure that the home is in a condition such that it would not be a “walk away” had the unit been eligible within WAP. This is to ensure that SERC materials/technologies are not installed on sub-standard housing or where energy benefits will be marginal.

Second, regarding costs for incidental repairs or energy-related health and safety and the minimum home condition. Energy-related health and safety costs and incidental repair costs are both allowable when necessary to ensure proper performance of the installed SERC measure. For any one unit, the combined costs for health and safety and incidental repairs should not exceed the cost of the installation of the SERC material/technology itself. For all SERC units within the State, the combined costs for health and safety and incidental repair shall not exceed 10% of the statewide average SERC cost per unit. DOE has set the statewide average SERC cost per unit at \$12,000, thus the combined health and safety and incidental repair costs should not exceed \$1,200 per unit. If additional funds are needed for these costs, additional rational will be need to be provided.

General repair and rehabilitation costs are not allowed.

Thus, the specific answers are:

A1: The minimum home condition should be such that the costs to perform the incidental repair for any one unit must not exceed the cost to install the SERC measure itself. Keep in mind the maximum cost for any one unit should not exceed \$30,000 inclusive of all costs.

A2: Yes, costs for roof repair or reshingling are allowable when necessary to ensure proper performance of the installed SERC measure. The value of these costs in any one unit should not exceed the value of the measure, in this case building integrated PV, to be installed. Keep in mind the maximum cost for any one unit should not exceed \$30,000 inclusive of all costs.

A3: Energy-related health and safety costs are allowed when necessary to ensure proper performance of the installed SERC measure. Overall statewide average for SERC health and safety plus incidental costs combined shall not exceed 10% of the statewide average cost per unit.

17. Q: Low income versus moderate income: how is the moderate income eligibility to be defined or determined? Can each state use its own definition, or will there be DOE guidance?

A: Each State will use their own definition, as was provided in their SERC application to DOE.

18. Q: We understand that SERC can be applied on previously weatherized homes. What if there are homes weatherized in recent previous formula grant years where minimal work was allowed and done, maybe \$1500 or \$2000 worth of weatherization. They do NOT qualify for re-weatherization. The home now qualifies for SERC work, such as solar thermal or heat pumps, etc... Can SERC funds be used to do the things that are practical to get home up to some reasonable basic condition such as adding attic insulation, air sealing, and/or other measures that wasn't originally justified or done (maybe SIR was less than 1.5 or not enough money considering former \$2500 limit) as part of the SERC installation?

A: SERC funds may be used on a home that was previously weatherized in WAP. However, SERC funds cannot be used to install materials and technologies that are currently allowed with WAP funds. Thus, if a measure is included in Appendix A and has an SIR greater than 1.0, SERC funds may not be used.

19. Q: Can SERC funds be used to pay for maintenance agreements?

A: No. This is consistent with WAP policy. Non-DOE funds may be used to pay for maintenance agreements on these projects.

20. Q: Pollution Occurrence Insurance (POI) may be necessary as a result of SERC activities. Will SERC coverage be an allowable cost?

A: The SERC policy on POI will be the same as for general WAP. See Program Notice 10-1, section 2.6 on Liability Insurance.

21. Q: Can WAP T&TA funds be used to train subgrantee staff and/or contractor on these new technologies?

A: The T&TA funds already issued through the WAP ARRA grant may be used to provided training and technical assistance to WAP subgrantees regarding SERC activities to the extent that the training is for enhancing the effectiveness of the provision of weatherization assistance to the dwelling units of low-income persons.

SERC funds may be used for the training of workforce to install SERC technologies for which Grantee/local agency has been approved and funded, and training of clients for proper operation and maintenance of the SERC technologies installed.

22. Q: Will cost sharing/measure buy-down be allowed with SERC activities?

A: Yes, cost sharing is allowed for SERC technologies. One of the priorities of EISA 411(b) for these projects is partnerships including financial partnerships. Measure buy-down is not necessary however, because the technologies do not need to pass SIR in order to be installed.

23. Q: Since SERC activities are not WAP, are Grantees going to need to get a new release of customer information for the purposes of evaluation, etc?

A: If the waiver that the Grantee has created is specific to WAP, then they will need to ask the customer to sign a generic waiver form or a SERC-specific release. If the Grantee waiver is generic, they may wish to collect an additional release for homes served under WAP for the new work that was completed with SERC funds. Any homes not already served under WAP will need a release.

Grantees in SERC should review the applicable form for WAP activities and consult with their respective counsels regarding the form's applicability to SERC projects.

24. Q: For renewable systems, such as solar or wind energy systems, or other technologies that are installed outdoors in an area where theft is prevalent, do we incorporate a “risk of loss” into the assessment for appropriateness for reception of SERC funds?

A: No, similar to maintenance agreements, federal funds can’t be used for this purpose. Grantees, subgrantees, and contractors will want to consider this in their plans, and can use non-federal resources to pay for insurance.

25. Q: When may Grantees begin spending SERC funds?

A: DOE recommends grantees do not spend funds until the revised grant amendments are finalized, reviewed, and approved by Project Officers and Contracting Officers. However, Grantees may begin spending funds after holding a public hearing.

26. Q: How does Historic Preservation apply to SERC?

A: SERC grantees will have to adhere to all State Historic Preservation Office (SHPO) requirements on a per state basis. If the measures installed in SERC projects significantly change or attempt to change the façade or landscape of a historic site, then the State Historic Preservation Officer must approve the SERC measure. In addition, Section 106 of the National Historic Preservation Act (NHPA) will apply to SERC. Each state will be unique in meeting the requirements of Section 106 of the NHPA. If a state has a programmatic agreement in place, then grantees and local agencies will need to review that to determine the process.

27. Q: How does Davis-Bacon apply if we are using SERC funds in a home that we have weatherized, or are weatherizing, with non-ARRA WAP funds?

A: SERC funding is provided under the Recovery Act; therefore, the Davis-Bacon Act (DBA) labor standards are applicable to projects funded in whole or in part by a SERC grant. This means that where you are using SERC funding at the same time as non-Recovery Act funding, DBA will be applicable to all activity in the housing unit,

including the non-Recovery Act funded portion. If a housing unit was weatherized using non-Recovery Act WAP funding and later the unit is re-visited to install technology with SERC funds, only the SERC portion would be subject to Davis-Bacon.

28. Q: What costs are included in the \$12,000 per unit statewide average for SERC costs?

A: The \$12,000 per unit statewide average for SERC includes the two budget categories of Program Operations and Health & Safety (which includes incidental repair costs). It does not include the two Administrative cost categories.

This is a correction to the Webinars of October 6, 2010 and October 12, 2010, where it was mistakenly reported that the \$12,000 would include all costs. This also updates WPN 10-19, item 3b where in PAGE the average cost per unit is calculated on only Program Operations. DOE will update PAGE to reflect this correction.

29. Q: How is eligibility determined for potential SERC clients who have already received DOE Weatherization services?

A: If eligibility has been determined or verified under the Weatherization Assistance Program (WAP) for weatherization or re-weatherization of the client's dwelling unit within 12 months prior to the SERC project beginning, the client is automatically qualified. If eligibility of the SERC client was established longer than 12 months ago under WAP, the client's eligibility must be re-established to be either low-income or fall into the moderate income category determined by the Grantee in its SERC amendment.

30. Q: Will the Weatherization Davis-Bacon classifications (Weatherization Worker, Door & Window Installer, HVAC worker) apply to these SERC grants?

A: (The answer below describes when to use the Weatherization Assistance Program Wage Determinations (WDs) versus the Residential Construction WD for work in single family homes or apartment buildings of one to four stories for SERC projects. Consistent with WAP, for any SERC projects in buildings of five or more stories, the Building Construction WD is to be used.)

The Weatherization Worker, Weatherization Door & Window Installer, and the Weatherization Heating, Ventilation, and Air Conditioning (HVAC) mechanic classifications will apply to the SERC grants, which are part of the Weatherization Assistance Program (WAP), for work that falls within the scope of the activities defined in those WAP Wage Determinations (WDs). For example, the Grantee could use "Doors and Windows Replacement Worker" for the installation of high efficiency windows funded under the SERC Program.

However, when performing any work outside of the Weatherization activities defined on the WAP Wage Determination (WD), the Grantee must use the Residential WD. The Grantee is to go to the Department of Labor's (DOL) Wage Determinations On-Line website at www.wdol.gov and obtain the current WD for classifications such as plumber, electrician, and carpenter. The Grantee is NOT to use the Residential construction wage

rates that DOL provided with the Weatherization Worker Wage Determination decision. DOL entered those rates as examples and those were current at the time of issuance, but the Recipient must go into the DOL website and make sure that they use the most up to date Residential Wage Determination for work outside the Weatherization Worker classifications.

The Grantee may use the Residential Construction WD for all SERC activities, as long as the wages are equal to or greater than the WAP wage rates.

DOL prefers that to the extent possible the agency/contractors use the Residential Wage Determination classifications set forth on the Residential Construction WD for the work in the locality, as opposed to developing a new classification. The tasks should be broken down to fit within existing wage classifications, such that plumbing work is paid at the plumber rate, laborer work at the laborer rate, and so on. For example, solar photovoltaic panel installations usually involve electricians and laborers and possibly roofers depending upon the locality; solar hot water heaters often require plumbers and pipefitters and possibly electricians. The City/County code will often designate whether a licensed electrician or plumber is required.

If the agency/contractor absolutely cannot use the classifications already listed on the Residential WD, then and only then should the agency/contractor complete the SF-1444, Request for Additional Classification. The Department of Labor (DOL) will use this form to determine the correct Davis-Bacon wage rate for the work. The contractor or local agency must provide specific details on precisely the type of work to be performed and what tools the individual will be using to perform the work. The proposed rate should be reasonable for the work classification. This form must be filled out for each county in which the work is to be completed. The contractor or local agency fills out form, sends to the Grantee, who sends to DOE Project Officer, who sends to DOE Contracting Officer, who sends to DOL. When DOL has completed its review and made a determination, the Contracting Officer will be notified of the new wage rate to be used in the contract. Timing is averaging several weeks, and may take up to 60 days, to get the paperwork through.

If the additional classification is required, the agency/contractor must pay the rate proposed for all work performed during the time the agency/contractor is waiting for DOL's decision. Should DOL return the SF-1444 indicating that a higher rate is required, the agency/contractor must go back to the beginning of the project and pay the workers the difference between what was paid to the employees and what should have been paid to the employees. The agency/contractor may never propose a rate lower than the lowest rate already set forth on the WD.

31. Q: How does Weatherization Program Notice 11-3 on Callbacks apply to SERC?

A: Regarding the Sustainable Energy Resources for Consumers (SERC) grant projects, there are two points of clarification regarding Weatherization Program Notice (WPN) 11-3 “Policy Regarding the Use of DOE Program Funds to Pay for Call-Back/Add-On Work After Reported to DOE as a Completed Unit.” First, it is allowable to go back to homes already weatherized and install the additional SERC technologies. This is not re-weatherization, because SERC technologies are installed in addition to the weatherization work, and are not in any way a re-work of past weatherization.

Second, after the installation of a new SERC technology on a home and reporting the unit as a completed SERC unit to DOE, subgrantees cannot charge DOE for additional work related to the SERC installation such as maintenance, re-work, or a service warranty without amending their reporting. This is consistent with the policy described in WPN 11-3. Subgrantees may use non-DOE funds for the maintenance or re-work, or follow the procedure described in WPN 11-3 of taking the unit out of the DOE reporting system and returning the costs to the correct category, making repairs, re-inspecting, and re-reporting the unit and costs in the appropriate reporting period. For SERC work that is performed by contractor crews, the guarantee or implied warranty is expected to be part of the bid process.

32. Q: Can Renewable Energy Credits (RECs) from SERC projects be sold to generate additional revenue?

A: Yes, grantees may participate in REC markets. Here are the relevant policies that apply:

- If any RECs are sold during the grant's period of performance, the revenue generated from the sale of the REC must be included as program income.
- Per 10 CFR 600.225(g), use of the program income generated may be (1) deducted from allowable costs, (2) added to the funds committed to the grant agreement or (3) used to meet the cost share/match requirement of the grant agreement, depending on the grant award terms and conditions. For WAP awards, which cover SERC projects, program income is considered additive (added to the funds committed to the grant and used for the purposes and under the conditions of the grant agreement for approved grant activities) as provided in the terms and conditions of the respective grant agreements.
- If any REC is sold after the end of the award period of the grant (i.e. until the ending date of the final financial report), per 10 CFR 600.225(h) that revenue would be for the “seller” of the REC to keep and use at their own discretion.
- The RECs themselves (including benefits from energy savings, tax reduction, etc.) are not considered program income. Only the sale of the REC leads to program income. To track the benefits generated, it is recommended that grantees put

statements in the contracts with the clients that the grantee and/or subgrantee retains the benefits to any RECs or carbon credits associated with the installation of the system.

- Reporting: If the REC is sold during the performance period, the sale and revenue generated from the sale must be recorded as program income in the corresponding report. For reporting impact metrics such as capacity of renewable installed or energy generated, the reporting into PAGE will not be affected by whether the REC is sold or not.

33. Q: Further Questions and Answers Regarding Renewable Energy Credits (RECs) – Sales and Waiving Rights:

- i. If a renewable energy certificate (REC) is generated as the result of an activity supported by SERC, who owns the REC - the grantee, subgrantee, or the individual homeowner receiving the weatherization service? Are proceeds from the sale of a REC program income.
 - a. It is important to distinguish between a REC and proceeds received from the sale of the REC. Ownership of a REC will be dependent on the agreement between the grantee (i.e., State) and subgrantee (i.e., local agency), and the subgrantee and recipient of the weatherization service. Note that DOE has waived ownership of RECs generated under the SERC awards. Once ownership is identified under the applicable agreement, it can be determined whether revenue from the sale of a REC is program income.

Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. Whether the proceeds from the sale of a REC are considered program income to the grantee or subgrantee depends upon which one of them had ownership and received the proceeds from the sale. If the homeowner receives the proceeds from the sale of the REC, then those proceeds would not be considered program income to the grantee or subgrantee.
- ii. WAP/SERC grantee (i.e. a State) installed solar panels on a State building. Would the proceeds from the sale of REC be considered program income to the grantee?
 - a. The proceeds from the sale of the REC are gross income directly generated by a grant supported activity. Therefore, if the proceeds are received by the grantee during the grant period, they are program income to the grantee.
- iii. WAP/SERC grantee (i.e. a State) subgrants SERC funds to a subgrantee (i.e. local agency) that installs solar panels on a municipal building. Would the proceeds from the sale of REC be considered program income to the subgrantee or grantee?
 - a. Whether the proceeds from the sale of the REC are considered program income to the grantee or subgrantee depends upon which one of them received the proceeds from the sale. Program income means gross income received by the grantee or

subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.

- iv. Can a grantee waive its right to the program income?
 - a. No. There is no provision for waiving its right to program income.
- v. WAP/SERC grantee (i.e. a State) subgrants SERC funds to a subgrantee (i.e. local agency) that starts a residential solar panel program which installs solar panels on residential houses in the jurisdiction of the subgrantee. Would the proceeds from the sale of REC be considered a benefit to the homeowner and therefore not program income to the subgrantee or grantee? b.) If so would the subgrantee be able to enter into an agreement with the homeowner to buy back the REC? c.) If the subgrantee then sold the REC would the proceeds from the sale of the REC be considered program income?
 - a. If the homeowner receives the proceeds from the sale of the REC, then those proceeds would not be considered program income to the grantee or subgrantee. Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.
 - b. There is no prohibition on the subgrantee entering into an agreement to buy back the REC.
 - c. Yes. a. The proceeds from the sale of the REC are gross income directly generated by a grant supported activity. Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.
- vi. If a REC is owned by a homeowner, would the subgrantee be able to enter into an agreement with the homeowner to buy back the REC? If the subgrantee then sold the REC would the proceeds from the sale of the REC be considered program income?
 - a. There is no prohibition on the subgrantee entering into an agreement to buy back the REC. The proceeds from the sale of the REC are gross income directly generated by a grant supported activity. Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.